

## Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

SWF-01 FEA-01 /092 R

DRAFTED BY EB/ICD/TRP:TJO'DONNELL:DE

APPROVED BY EB/ORF:JLKATZ

ARA/BR:RWZIMMERMAN

USDA:LHURT

TREASURY:JJOHNSON

EB/ORF/ICD:JJINGERSOLL

ARA/ECP:CREYNOLDS

STR:BSTEINBOCK

COMMERCE:HBASHKIN

----- 002004

R 210041Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652:N/A

TAGS: EAGR, ETRD

SUBJECT: COFFEE: BRAZILIAN VIEWS ON NEW COFFEE AGREEMENT

REF: (A) BRASILIA 8964; (B) LONDON 16174

1. DEPARTMENT APPRECIATES REPORTS (REFTELS) OF SOME BASIC  
POINTS IN GOB THINKING REGARDING NEW INTERNATIONAL COFFEE

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AGREEMENT. GOB HAS PRESENTED MORE DETAILED EXPOSITION TO

ICO LONDON FOR CONSIDERATION ALL MEMBERS WORKING GROUPS BEFORE SCHEDULED MEETINGS BEGINNING EARLY JANUARY. THESE, TOGETHER WITH PROPOSALS ADVANCED BY OTHER PARTICIPANTS WILL BE DISCUSSED EXHAUSTIVELY DURING COURSE WORKING GROUP SESSIONS OVER NEXT SEVERAL MONTHS.

2. U.S. POSITION CONTINUES TO BE ONE OF READINESS TO BEGIN SERIOUS NEGOTIATIONS AS SOON AS OTHERS, INCLUDING GOB, PREPARED NEGOTIATE WITH VIEW TO DEVISING NEW, WORKABLE AND GENERALLY ACCEPTABLE AGREEMENT. WE PLACE MUCH EMPHASIS ON WORKABILITY OF NEW AGREEMENT. AS FOR SOUTO MAIOR'S PITCH FOR A FORMULA FOR AUTOMATIC ADJUSTMENT OF ANY PRICE LEVELS WRITTEN INTO NEW AGREEMENT (I.E. "INDEXATION") THE U.S. HAS SERIOUS POLICY DIFFICULTIES AND DOUBTS ABOUT THE USE OF INDEXATION. FOR TACTICAL REASONS, HOWEVER, WE DO NOT WISH TO GIVE GOB A FLATLY NEGATIVE ANSWER AT THIS TIME. WE PREFER THAT OUR OWN RESERVATIONS REGARDING INDEXATION IN A COFFEE AGREEMENT EMERGE IN THE CONTEXT OF WORKING GROUP

DISCUSSIONS TOGETHER WITH THE RESERVATIONS OF OTHER CONSUMING AND PERHAPS EVEN SOME PRODUCING COUNTRIES.

3. WE HAD EARLIER BEEN INFORMED BY GOB REPRESENTATIVES AT ICO THAT THEY HAD DECIDED AGAINST PURSUING INDEXATION IDEA, AND THEY HAVE ADMITTED THE COMPLEXITY OF TRYING TO MAINTAIN "REAL" PRICES BY THIS DEVICE. BRAZILIANS MAY BE MOVING ON THE INDEXATION ISSUE AS IT IS ONE ON WHICH PRODUCER UNANIMITY VERSUS CONSUMER OPPOSITION MAY BE EXPECTED. OTHER MAJOR CONSUMERS HAVE EXPRESSED OPPOSITION TO ANY INDEXATION PROVISIONS. IN ANY CASE, GOB SHOULD NOT IN ANY WAY BE LED TO BELIEVE THAT IN OUR WILLINGNESS TO DISCUSS IN WORKING GROUPS PROPOSALS FOR AUTOMATIC PRICE ADJUSTMENT SCHEMES(AS WELL AS ANY OTHER IDEAS), WE ARE WAVERING IN OUR CONVICTIONS REGARDING THE IMPRACTICABILITY AND UNACCEPTABILITY OF SUCH SCHEMES IN THE CONTEXT OF A COFFEE AGREEMENT.

4. DEPARTMENT WISHES AVOID ANY GOB EFFORT TO NEGOTIATE SEPARATELY WITH U.S. THROUGH CONTACTS EMBASSY BRASILIA OR CONGEN, RIO ON ISSUES WHICH SHOULD BE FIRST ADDRESSED LIMITED OFFICIAL USE

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AT THE TECHNICAL LEVEL IN THE WORKING GROUPS SCHEDULED TO DO PREPARATORY WORK ON NEGOTIATION FOR A NEW ICA. SISCO

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COFFEE, INVITATIONS, MEETINGS  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** 74 BRASILIA 8964, 74 LONDON 16174  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 JUN 2002  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COFFEE: BRAZILIAN VIEWS ON NEW COFFEE AGREEMENT  
**TAGS:** EAGR, ETRD  
**To:** LONDON BRASILIA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005